

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6874

BILL NUMBER: SB 283

DATE PREPARED: Feb 22, 2002

BILL AMENDED: Feb 21, 2002

SUBJECT: Withdrawals from Solid Waste Management Districts.

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes the procedure for a county that withdraws from a solid waste management district to join or establish another district. It requires the adoption of two identical ordinances at a designated interval for a county to withdraw from a district or for a district to remove a county. The bill eliminates the requirement for disclosure (1) by a county of the reasons for withdrawal from a joint district; and (2) by a joint district for removal of a county. The bill establishes the effective date of a withdrawal or removal of a county from a district. It requires a report on the existing legal obligations at the time of withdrawal or removal and establishes the responsibility for those obligations after withdrawal. This bill also permits use by the joint district and the withdrawn or removed county of the existing district plan for not more than one year after withdrawal. The bill also provides that the law as it exists before the amendments under this act continues to apply with respect to pending withdrawals and removals unless an election is made before May 1, 2002, to apply the law as amended by this act. It also repeals provisions that: (1) require action by a joint district board to allow withdrawal by a county; and (2) void the withdrawal process if all necessary actions are not taken within one year.

Effective Date: Upon passage.

Explanation of State Expenditures: The State Board of Accounts (SBA) must examine and report on the division of legal obligations of the units involved. The Board must report to the board of directors of the solid waste management district involved and the executive of the county that withdrew or was removed. The report could be used as evidence in an action seeking to enforce the payment of legal obligations entered into by a joint solid waste management district. This provision would result in additional examination and reporting requirements for the SBA. The SBA would need to send at least one examiner to the site for an estimated minimum of three days. The local unit would be required to reimburse the SBA at a rate of \$45 per day. Costs to the SBA for salary, travel, and processing of the report are estimated at \$375 a day, or \$330 if the local unit pays \$45. A report that required three days of the examiner's time would cost about \$1,000 per unit involved.

The state pays 20% property tax replacement credit (PTRC) on property tax levies of solid waste management districts. Currently, the state pays about \$2.5 M in PTRC for solid waste management districts. If as a result of the proposal, more counties are removed from or withdraw from solid waste management districts and seek to assess property tax levies to fund solid waste management, state PTRC could increase. The specific impact would depend on local action.

The Department of Environmental Management could be required to review additional district plans. This provision could add to the Department's administrative expenses. However, the Department should be able to absorb additional costs associated with this provision given its current budget.

Explanation of State Revenues:

Explanation of Local Expenditures: The proposal provides that in cases where a county wishes to withdraw from a multi-county solid waste management district or a county is removed from a district, the counties no longer need to specify reasons for the withdrawal to the district or to the Commissioner of IDEM. If this proposal results in more districts being removed or withdrawing, the following impacts could occur.

Counties involved in the removal or withdrawal from a district may be required to reimburse the SBA for a report generated by the SBA concerning legal obligations of each unit involved. The local unit would be required to reimburse the SBA at a rate of \$45 per day for additional auditing costs incurred by the SBA. Assuming that the SBA could complete its work within three days would result in a local expense of \$135 for additional SBA reporting.

Counties could be responsible for their portion of contracts entered into by the joint district; repayment of loans entered into by the joint district; payment of bonds issued by the joint district; and any other legal obligation entered into by the joint district. Units within the districts may experience an increase in staff and legal fees associated with determining the county's legal obligations.

Counties that remain or counties that form new districts would be required to adopt new district plans. This provision could increase costs to the new districts in terms of staff time or in terms of contracts for consulting services to assist with the development of the new plan. Consulting expenses could cost up to \$80,000.

Removal or withdrawal from a district could also affect equipment and facilities available to all of the units involved. Units could incur additional expenses if the change in the make-up of the district requires units to move and/or dispose of equipment or facilities or if equipment and facilities are no longer available.

The specific impact of the proposal will depend on the number and nature of changes in districts that occur as a result of the proposal.

Explanation of Local Revenues: (Revised) If this proposal results in more districts being removed or withdrawing, the following impacts could occur. First, when a county is removed or withdraws from a district, each unit previously within the district could experience a fiscal impact. The impact would depend on the remaining resources of the units involved. Depending on the funding sources of the districts, the impact could range from inconvenient to severe.

One funding mechanism that could be affected pertains to the solid waste management fee of up to \$2.50 per ton for waste deposited in a final disposal facility located within the district. Fees remitted to the district may be used to pay costs associated with the development and implementation of the district plan. If a district

collects the surcharge and if the county that has the landfill withdraws from the district, the remaining units could lose a funding mechanism. Secondly, if the tax base of the withdrawing unit is significantly greater than the remaining units, the remaining units may experience a significant impact in their ability to provide services once the district is divided. Districts can be funded through state and/or federal grants, user fees, and property tax levies. Ten multi-county districts and 51 single county districts maintained property tax levies during CY 2001. Levies and tax rates for multi-county districts are outlined below.

CY 2001 Multi-County Solid Waste Management Districts			
District	Counties	Property Tax Levy	Property Tax Rate
Northeast Indiana Solid Waste Management	DeKalb	\$197,791	0.0438
	LaGrange	\$139,877	0.0436
	Noble	\$187,190	0.0457
	Steuben	\$189,037	0.0438
Southeastern Indiana Solid Waste Management	Franklin	\$72,885	0.0415
	Jefferson	\$116,244	0.0415
	Jennings	\$76,901	0.0394
	Ohio	\$18,907	0.0416
	Ripley	\$96,240	0.0415
	Scott	\$66,402	0.0415
	Switzerland	\$22,965	0.0415
East Central Indiana Solid Waste	Delaware	\$192,874	0.0237
	Grant	\$131,368	0.0237
	Madison	\$206,694	0.0237
Clay-Owen-Vigo Solid Waste Management	Clay	\$0	0.0237
	Owen	\$0	0.0237
	Vigo	\$0	0.0237
Mideast Indiana Solid Waste Management	Blackford	\$0	0.0000
	Jay	\$0	0.0000
	Wells	\$0	0.0000
Northwest Indiana Solid Waste Management	Benton	\$0	0.0000
	Carroll	\$0	0.0000
	Jasper	\$0	0.0000
	Newton	\$0	0.0000
	Pulaski	\$0	0.0000
	White	\$0	0.0000
Three Rivers Solid Waste Management	Fayette	\$0	0.0000
	Hancock	\$0	0.0000
	Henry	\$0	0.0000
	Rush	\$0	0.0000
W. U. R. Solid Waste Management	Union	\$0	0.0000
	Wayne	\$0	0.0000
West Central Indiana Solid Waste Management	Hendricks	\$0	0.0000
	Montgomery	\$0	0.0000
	Morgan	\$0	0.0000
	Parke	\$0	0.0000
	Putnam	\$0	0.0000
Wildcat Creek Solid Waste Management	Clinton	\$0	0.0000
	Tippecanoe	\$0	0.0000

The specific impact of the proposal will depend on local action.

State Agencies Affected: State Board of Accounts.

Local Agencies Affected: Solid Waste Management Districts.

Information Sources: Charlie Pride, State Board of Accounts, 317.232.2521; Mark Davis, Executive Director, Monroe County Solid Waste Management District and on the Board of the Association of Solid Waste Districts, 812.349.2020; Local Government Database, Department of Local Finance.